Manitoba Employee Pensions and Other Costs

Supplementary Information for Legislative Review

2007-2008 Departmental Expenditure Estimates

Manitoba

EMPLOYEE PENSIONS AND OTHER COSTS

SUPPLEMENTARY INFORMATION

FOR

LEGISLATIVE REVIEW

2007-2008 EXPENDITURE ESTIMATES

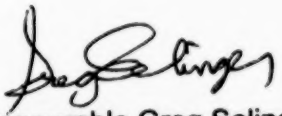
PREFACE

The 2007 Budget is the first Summary Budget produced by the Government of Manitoba that aligns the accounting standards set by the Public Sector Accounting Board that require provincial governments to report on the broader definition of government, the Government Reporting Entity (GRE).

While the budget is presented on a summary basis, the structure of the Estimates of Expenditure and Revenue remain unchanged from prior years. Please see the schedules in the 2007 Budget document that provide the reconciliation between the estimates and the summary budget as well as a listing of the entities included in the GRE.

This document, produced by the Department of Finance, is intended to provide additional information to the members of the Legislature in their review of information on Employee Pensions and Other Costs contained in the Estimates of Expenditure for the fiscal year ending March 31, 2008.

The contents of this supplement are organized into three parts. The first part provides an overview of Employee Pensions and Other Costs' 2007/08 Estimates of Expenditure. The second part provides financial information, including details for each of the programs, while part three provides historical information. It is hoped that it will provide meaningful additional information and that it will meet the needs of the users of the information. I welcome feedback as to the usefulness of this supplementary information.



Honourable Greg Selinger
Minister of Finance

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PART 1

DEPARTMENTAL OVERVIEW

EMPLOYEE PENSIONS AND OTHER COSTS

MINISTER

Honourable Greg Selinger

SECRETARY TO TREASURY BOARD

Tannis Mindell

OVERVIEW

The Benefits Administration Branch of Labour Relations Division, Treasury Board Secretariat, is responsible for providing central administrative services for government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and personnel policies. Negotiated plans include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision Care, Prescription Drug and Long Term Disability plans as well as the Health Spending Account. The branch manages the chargeback and recovery of workers compensation costs from government departments and agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance, Employment Insurance and the Levy for Health and Post-Secondary Education.

Provisions for premium-based benefits such as Canada Pension Plan and Employment Insurance have been adjusted to reflect changes in premium rates and maximum insurable earning levels, where applicable. Provisions for self-insured benefits, such as long term disability and dental, have been adjusted for anticipated changes in volume as well as changes in eligible expense coverage negotiated as part of existing collective agreements, where applicable. These costs will be recovered from departments.

SCHEDULE 1

EMPLOYEE PENSIONS AND OTHER COSTS
EXPENDITURE SUMMARY
BY APPROPRIATION

		Estimates of Expenditure 2007/08 $(000s)	Change From 2006/07 %	Estimates of Expenditure 2006/07 $(000s)*
1.	Employee Pensions and Other Costs	**88,223.3**	10.0	80,215.1
TOTAL APPROPRIATIONS FOR EMPLOYEE PENSIONS AND OTHER COSTS		**88,223.3**	10.0	80,215.1

***Reconciliation Statement**
$(000s)

Printed Estimates of Expenditure 2006/07	80,215.1
Estimates of Expenditure 2006/07 (Adjusted)	80,215.1

SCHEDULE 2

EMPLOYEE PENSIONS AND OTHER COSTS
EXPENDITURE SUMMARY
BY SUB-APPROPRIATION

	ESTIMATES OF EXPENDITURE 2007/08 $(000s)		ESTIMATES OF EXPENDITURE 2006/07 $(000s)	
Civil Service Superannuation Plan		**79,345.1**		73,200.1
Other Salary Related Benefits		**8,863.2**		7,000.0
Workers Compensation Board:				
Assessments re: Accidents to Government Employees	**3,852.5**		3,502.3	
Less: Recoverable from other appropriations	**(3,837.5)**		(3,487.3)	
Subtotal		**15.0**		15.0
Canada Pension Plan	**31,265.3**		28,549.3	
Employment Insurance	**15,406.2**		14,976.1	
Civil Service Group Life Insurance Plan	**1,950.5**		1,840.7	
Dental Plan	**7,895.0**		7,663.7	
Vision Care	**1,413.0**		1,460.8	
Prescription Drug Plan	**3,754.4**		3,590.1	
Ambulance and Hospital Semi-Private Plan	**195.4**		209.6	
Long Term Disability Plan	**5,704.8**		5,797.3	
Levy for Health and Post-Secondary Education	**18,173.7**		16,865.6	
Pension Liability for New Employees	**10,002.7**		7,752.4	
Health Spending Account	**1,403.7**		1,045.8	
Subtotal		**97,164.7**		89,751.4
Less: Recoverable from other appropriations		**(97,164.7)**		(89,751.4)
TOTAL FOR EMPLOYEE PENSIONS AND OTHER COSTS		**88,223.3**		80,215.1

PART 2

PROGRAM AND FINANCIAL INFORMATION

Res. No.	Approp. No.	Employee Pensions and Other Costs (6) Details of Appropriation	**Estimates of Expenditure 2007/08 $(000s)**	Estimates of Expenditure 2006/07 $(000s)
6.1	1.	EMPLOYEE PENSIONS AND OTHER COSTS	**88,223.3**	80,215.1
		Provides for the cost of various payments related to employees, including: pension payments to retired employees of the Manitoba Government and its various boards, commissions and agencies; severance and separation pay liability; and other payments by the government as an employer.		
		(a) Civil Service Superannuation Plan	**79,345.1**	73,200.1
		(b) Other Salary Related Benefits	**8,863.2**	7,000.0
		(c) Workers Compensation Board		
		(1) Assessments re: Accidents to Government Employees	**3,852.5**	3,502.3
		(2) Less: Recoverable from other appropriations	**(3,837.5)**	(3,487.3)
		Subtotal (c)	**15.0**	15.0
		Subtotal (a) to (c)	**88,223.3**	80,215.1
		(d) Canada Pension Plan	**31,265.3**	28,549.3
		(e) Employment Insurance Plan	**15,406.2**	14,976.1
		(f) Civil Service Group Life Insurance	**1,950.5**	1,840.7
		(g) Dental Plan	**7,895.0**	7,663.7
		(h) Vision Care	**1,413.0**	1,460.8
		(i) Prescription Drug Plan	**3,754.4**	3,590.1
		(j) Ambulance and Hospital Semi-Private Plan	**195.4**	209.6
		(k) Long Term Disability Plan	**5,704.8**	5,797.3
		(l) Levy for Health and Post-Secondary Education	**18,173.7**	16,865.6
		(m) Pension Liability for New Employees	**10,002.7**	7,752.4
		(n) Health Spending Account	**1,403.7**	1,045.8
		Subtotal (d) to (n)	**97,164.7**	89,751.4
		(o) Less: Recoverable from other appropriations	**(97,164.7)**	(89,751.4)
		TOTAL APPROPRIATIONS FOR EMPLOYEE PENSIONS AND OTHER COSTS	**88,223.3**	80,215.1

	Estimates of Expenditure 2007/08 $(000s)	Estimates of Expenditure 2006/07 $(000s)
CIVIL SERVICE SUPERANNUATION PLAN Provides funding for the employer's share (50%) of pensions to be paid to retired civil servants in 2007/08, including the annual cost of living increase. Matching pension contributions for employees hired on or after October 1, 2002 are the responsibility of the hiring department as noted under "Pension Liability for New Employees" outlined on page 13.	**79,345.1**	73,200.1
OTHER SALARY RELATED BENEFITS Provides for the annual increase/decrease in the liabilities for severance, vacation and overtime entitlements for employees who have met the service requirements stated in the collective agreement and who are still members of the civil service. Beginning in the 2004/05 fiscal year, the liability associated with employees receiving long term disability and workers compensation benefits has also been recorded.	**8,863.2**	7,000.0
WORKERS COMPENSATION BOARD		
Assessment re: Accidents to Government Employees	**3,852.5**	3,502.3
Less: Recoverable from other appropriations	**(3,837.5)**	(3,487.3)
	15.0	15.0
Provides for the annual payments to government employees injured at work as assessed by the Workers Compensation Board (WCB) as well as fees paid to WCB for administration of the compensation plan. The annual payments are recovered from other departments in respect of their employees. The province is self-insured with respect to workers compensation payments, although the WCB provides administrative and assessment services.		
CANADA PENSION PLAN Provides for the employer's matching contribution as required under *The Canada Pension Plan Act* for all eligible civil servants.	**31,265.3**	28,549.3
EMPLOYMENT INSURANCE PLAN Provides for the employer's share of premiums as required under *The Employment Insurance Act* for all civil servants.	**15,406.2**	14,976.1

	Estimates of Expenditure 2007/08 $(000s)	Estimates of Expenditure 2006/07 $(000s)
CIVIL SERVICE GROUP LIFE INSURANCE Provides for the government's share (one-third) of payments under *The Public Servants Insurance Act* that provides for basic insurance coverage, including group life and accidental death and disablement insurance, for all eligible civil servants. Life insurance is provided to employees of up to five times their annual salary, to a maximum of $1.0 million. The employer contribution is 27.5% of the first four multiples only (employee funds 100% of the fifth multiple). Accidental death and disablement insurance is 100% employer paid and is based on the employee's annual salary multiplied by class (1 to 5), as selected under the life insurance plan, up to a specified maximum.	**1,950.5**	1,840.7
DENTAL PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Dental Plan provides coverage for basic and major restorative dentistry to all eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee. The plan pays for eligible dental care expenses, to a specified maximum, for both full-time and part-time employees. The annual basic coverage maximum is $1,475.00 and the orthodontic lifetime maximum is $1,675.00 for full-time employees. Part-time employees are eligible for family coverage based on 50% of the coverage amounts applicable for full-time employees, up to 50% of the maximum.	**7,895.0**	7,663.7
VISION CARE As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Vision Care plan provides coverage for prescription lenses and eye examinations for eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee. Full-time employees are reimbursed 80% for eligible vision care expenses, to a maximum of $225.00 while part-time employees are reimbursed 80% for eligible vision care expenses, to a maximum of $112.50, in each 24 month period.	**1,413.0**	1,460.8

	Estimates of Expenditure 2007/08 $(000s)	Estimates of Expenditure 2006/07 $(000s)
PRESCRIPTION DRUG PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the self-insured plan provides coverage for prescription drugs for eligible civil servants. The plan carrier (Manitoba Blue Cross) is reimbursed for payments made to government employees under the plan as well as an administrative fee. Full-time employees are reimbursed 80% for eligible expenses, to a maximum of $650.00 per family per calendar year, while part-time employees are reimbursed 80% for eligible expenses, to a maximum of $325.00 per family per calendar year.	**3,754.4**	3,590.1
AMBULANCE AND HOSPITAL SEMI-PRIVATE PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Supplementary Health Plan provides for an Ambulance and Hospital Semi-Private Plan to all eligible civil servants. Premium payments to the plan carrier (Manitoba Blue Cross) are made, based on the number of eligible employees. Full-time and part-time employees are eligible for coverage, although part-time employees are eligible for single coverage only. Premium payments to the plan carrier are 100% employer paid. Part-time employees may elect to increase their coverage to include family members by paying the difference between the family premium and single premium through voluntary payroll deductions.	**195.4**	209.6
LONG TERM DISABILITY (LTD) PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the LTD Plan provides partial income protection to eligible full-time and part-time employees. The province is self-insured with the plan carrier (Great-West Life) being reimbursed for payments made to government employees under the plan as well as administrative fees and expenses.	**5,704.8**	5,797.3
LEVY FOR HEALTH AND POST-SECONDARY EDUCATION Provides for the province's payment as required by *The Health and Post-Secondary Education Tax Levy Act*.	**18,173.7**	16,865.6

	Estimates of Expenditure 2007/08 $(000s)	Estimates of Expenditure 2006/07 $(000s)
PENSION LIABILITY FOR NEW EMPLOYEES Provides for the employer's cost of matching pension contributions made by civil servants hired on or after October 1, 2002. Costs are the responsibility of the hiring department and are reflected in this sub-appropriation. An offsetting recovery from the new employee's department has been reflected in Recoverable from Other Appropriations.	**10,002.7**	7,752.4
HEALTH SPENDING ACCOUNT As negotiated, this plan provides reimbursement of eligible costs to employees when the annual maximum claim limit of other benefit plans has been exceeded. Effective January 1, 2007 claim maximums increased to $300.00 for full-time employees and $150.00 for part-time employees per year (per family). The plan is 100% employer funded.	**1,403.7**	1,045.8
RECOVERABLE FROM OTHER APPROPRIATIONS Provides for the recovery from other departments for the cost of the various employee benefits plans and related overhead charges, as well as the pension liability for new employees and the health spending account. Costs associated with Other Salary Related Benefits, which reflect changes in the severance, vacation, overtime and long term disability liabilities, and with the Civil Service Superannuation Plan are not recovered from departments.	**(97,164.7)**	(89,751.4)

PART 3

HISTORICAL INFORMATION

EMPLOYEE PENSIONS AND OTHER COSTS
FIVE YEAR EXPENDITURE SUMMARY BY SUB-APPROPRIATION
($000)
FOR YEARS ENDING MARCH 31, 2004 - MARCH 31, 2008

SUB-APPROPRIATION	ACTUAL EXPENDITURES*			ADJUSTED VOTE	ESTIMATES
	2003/04	2004/05	2005/06	2006/07	2007/08
Civil Service Superannuation Plan	59,353.0	62,815.9	69,380.3	73,200.1	79,345.1
Other Salary Related Benefits	7,634.6	5,517.8	8,472.9	7,000.0	8,863.2
Workers Compensation Board [1]	4.2	1.7	0.1	15.0	15.0
Canada Pension Plan	26,468.0	26,723.8	27,399.3	28,549.3	31,265.3
Employment Insurance Plan	16,151.4	15,373.4	15,121.5	14,976.1	15,406.2
Group Life Insurance Plan	1,676.3	1,785.9	1,814.7	1,840.7	1,950.5
Dental Plan	6,354.5	6,937.2	7,176.7	7,663.7	7,895.0
Vision Care	1,108.7	1,251.8	1,242.4	1,460.8	1,413.0
Prescription Drug Plan	2,244.5	2,714.2	2,903.9	3,590.1	3,754.4
Ambulance and Hospital Semi-Private Plan	192.6	198.1	179.0	209.6	195.4
Long Term Disability Plan	4,917.7	4,813.8	4,649.3	5,797.3	5,704.8
Levy for Health and Post-Secondary Education	15,466.0	16,218.4	16,764.9	16,865.6	18,173.7
Pension Liability for New Employees [2]	1,151.2	3,497.8	5,342.4	7,752.4	10,002.7
Health Spending Account [3]	-	21.8	955.9	1,045.8	1,403.7
Recoverable from other Appropriations	(75,854.2)	(84,049.9)	(86,863.7)	(89,751.4)	(97,164.7)
TOTAL	66,868.5	63,821.7	74,539.6	80,215.1	88,223.3

*Adjusted figures reflect historical data on a comparable basis in those appropriations affected by reorganization during the years under review.

1. The amounts reflected for Workers Compensation include both assessments and recoveries.
2. A provision for Pension Liability for New Employees was established in the 2002/03 Estimates. Effective October 1, 2002, departments are required to match the pension contributions for each new employee hired on or after that date.
3. The Health Spending Account is a new benefit that commenced January 1, 2005.

EMPLOYEE PENSIONS AND OTHER COSTS

Five Year Expenditure History

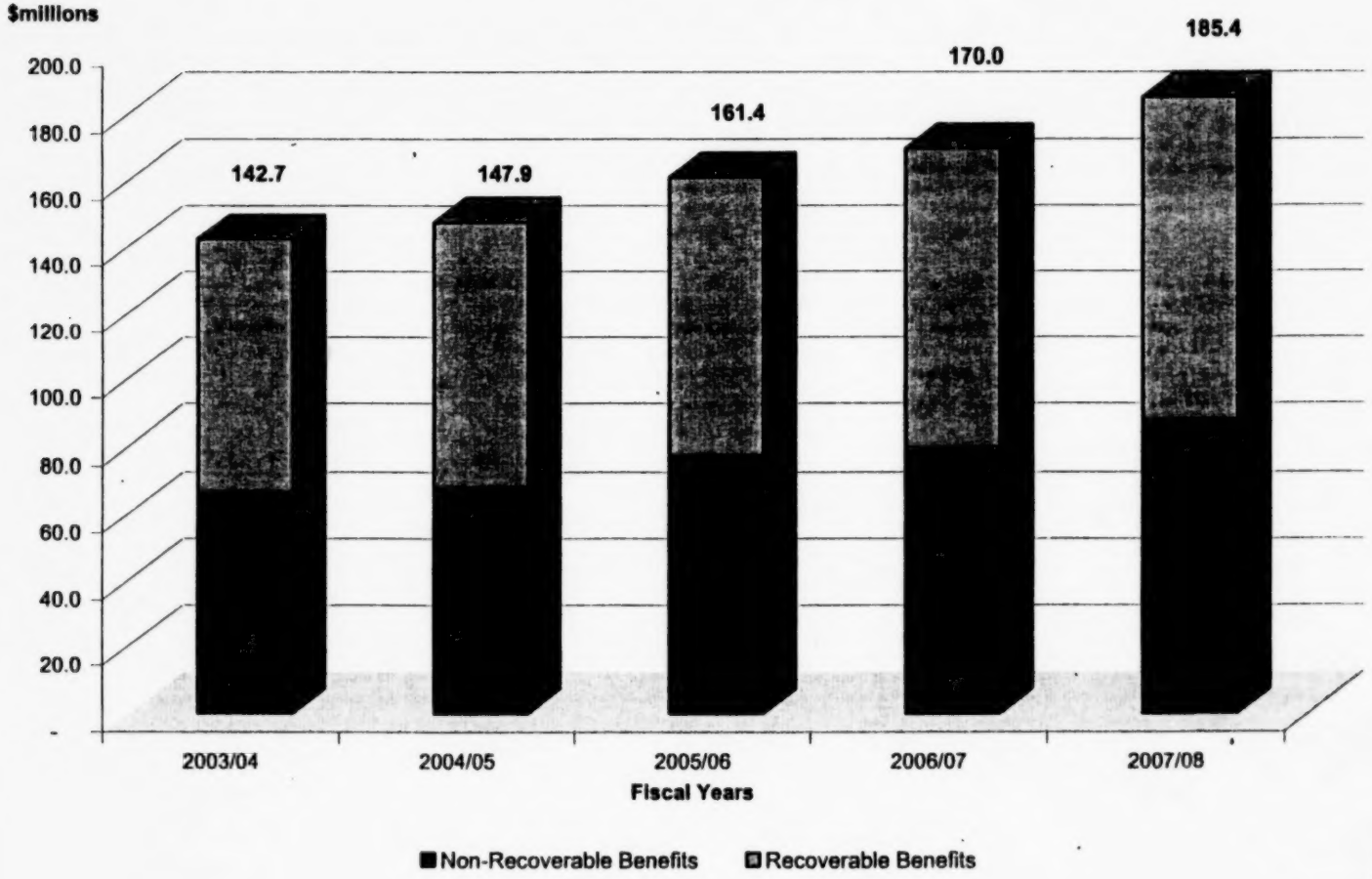

CHART 1